

## **GOVERNOR BILL RICHARDSON'S STATE OF THE STATE ADDRESS JANUARY 21, 2003**

“Lt. Governor Denish, Senate President Pro Tem Romero, Speaker Lujan, Democratic and Republican leaders, esteemed members of the New Mexico House of Representatives and the New Mexico Senate, honorable members of the judiciary, former Governors, distinguished guests and my wife, lifelong partner and best friend Barbara, today we are gathered in a celebration of Democracy, joined in a new beginning filled with hope and expectations.

But most of all, welcome to you, men and women of the New Mexico Legislature.

There is an electric tension in the air, a sense of anticipation, of optimism. For the first time in eight years, you are again honored as a co-equal branch of government. We stand together, myself, Diane Denish and all the members of the 46th Legislature. Democrats and Republicans, we are united in a resolve to solve the problems of New Mexico -- and excited about the prospects ahead. We will forge a partnership for the long haul, a unity of purpose in moving this state ahead.

This is YOUR day. I commend you today on the start of your 60 days in the spotlight of public attention. You should enjoy the attention – you deserve it, but remember the people expect results. From you, from me, from the legislative and the executive working together.

I will call on you to expand your vision to the needs of the entire state. Take care of your people -- but work with me to take care of all our people.

We need to get moving. We must put our state on a path to progress. We face daunting challenges: Creating a high-wage economy, improving our schools, protecting our water and environment, providing adequate health care, providing clean energy.

I want you to give me the tools in this session to jump on our problems. We need to move now, not next summer, not next year. Give me the tools and I'll give you -- and New Mexico -- the results.

We will not agree on all things. I dare say some of us might disagree on much -- but we all have two things in common. We are each elected by and accountable to

the people of New Mexico. And every one of us is committed to making a better New Mexico. To achieve this common purpose, we must work hard together -- to create a working partnership for the long haul -- to make a better New Mexico.

So, what about New Mexico? Is there anybody here that would rather live somewhere else?

We must never forget what a great place this is, even as we tackle its shortcomings. Be proud of our place. We must never stop trying to make it better. But we apologize to nobody for who or what we are.

We cannot achieve our lofty economic and educational goals without first meeting our most basic needs. When I proposed my budget, I set out three basic goals: Better schools, better jobs and more money in the pockets of New Mexicans.

If our future generations are to prosper, then they must have the skills to compete with the best -- and brightest -- in the world. In education, the classroom is where the rubber meets the road. Our teachers are the focus of everything that happens in education. Everyone else is support staff. That is why I have proposed a 6 percent increase in teacher salaries to take place in the next fiscal year. This is only a first step in bringing teacher pay up to reasonable levels. It will raise New Mexico teacher salaries from 46th to 39th in the country. And once we are on this path to progress, we'll keep moving up.

Why start with teacher pay? Because if we can't attract AND KEEP quality teachers, everything else is wasted money and effort.

The executive budget allocates almost 40 percent of the scarce new dollars projected for next fiscal year to our schools. In addition, I have called on districts to find savings equal to five percent of their total budgets -- that's about \$88.2 million statewide -- to redirect into teacher salaries and other direct classroom expenditures.

Now, some say this cannot be done -- yet New Mexico schools put only 57 cents of every education dollar into the classroom -- 5 percent below the nation's average and 10 percent below the nation's best. Our students deserve better.

Additionally, I call on districts to commit non-emergency, non-allocated cash balances of \$36 million to fund basic public school programs and services RIGHT NOW. This amount represents less than one-fifth of the total reserves held by school districts.

With the Legislature's approval, full-day kindergarten will be jump-started with \$11 million in federal Temporary Assistance to Needy Families Block Grant funds. This should enable all schools that are ready to implement full-day kindergarten.

I want to personally commend the Albuquerque Public Schools Board of Education which – in response to my proposal – is moving to reallocate money from administration to the classroom. The 5 percent goal can be reached. APS is close. It is this commitment, this resolve, which will get the job done.

Just as my educational program requires more accountability from our schools and our teachers, I will require more accountability from our students and our parents. I am proposing a \$1 million appropriation for truancy prevention matching grants. These funds will establish programs to coordinate efforts of parents, schools, district attorneys, and the juvenile justice system to deter truancy. For those parents who don't care about getting their kids to school, we'll follow through with prosecution under existing law.

Keeping children in school is an essential first step to educational achievement -- and deterrence of juvenile delinquency. We are going to help every agency that can help coordinate efforts to this end.

We will pay our teachers more and we will expect more of them. Performance counts for the teachers, too. A new New Mexico School Performance Review division will be established. My education advisor will work closely with it to ensure these audits are done well. We will start with the most troubled districts -- but eventually the entire state system will be held up to the test.

We will provide a quality education to every child in New Mexico. That is our most sacred constitutional duty. Education, my friends, I consider my most sacred obligation as Governor to the people of New Mexico.

That means we will find ways to make certain that every child learns to read, learns math, learns the indispensable basic skills to further learning and to life itself. Improving education is a basic quality of life issue, it is part of economic development, it is part of crime prevention, is, in fact, the first priority of my administration.

I will ask the Legislature to create a cabinet-level position, Secretary of Education, and give it the power to make positive change. I want the authority to make our education system work -- and I'll take full responsibility for the results. Just give me the tools.

From the teachers to the administrators to everybody in the public education sector, I want everybody energized and committed to the goal that we can – and will – do it better for all of our kids.

There is no silver bullet to fix education. But I have proposed specific steps that will improve our schools, increase efficiency, demand more accountability – and I ask for your support.

As we chart an educational path to greater opportunity for our children, we will build the workforce for the high-wage economy we will create. My economic growth and tax-cut package is crucial to building a better New Mexico for the long haul.

Our tax system is a patched-up mess. It has been changed piecemeal, one fix at a time, down the path of least political resistance -- until today it sends the wrong economic signals in too many instances.

I propose a quick first aid fix. I will ask the Legislature to immediately cut our top personal income tax rate from 8.2 percent to 7.7 percent. I am convinced that by making New Mexico a more tax-friendly place for growth-oriented businesses and entrepreneurs, the cut in rate will be more than compensated for by the increase in taxpayers -- and income -- in that bracket. We will bring New Mexico's top personal income tax rate down to 5 percent in four years. After all, Texas and Nevada have no personal income tax at all. Arizona and Colorado already top out in the 5 percent range.

We must also cut the state tax on capital gains. The first year's cost will be about \$7 million. But, like the cut in the top income tax rate, it will make New Mexico more competitive with our neighbors in attracting and keeping the managerial and entrepreneurial talent that will grow and diversify our economy.

Other tax measures I am proposing are part of the economic development package I want this session, the tools I need to boost our economy immediately.

I want \$3 million in tax incentives for investment and job creation -- including a tax credit of \$1,000 and up for rural businesses that create jobs paying at least 110 percent of local prevailing wages. Helping grow our existing small businesses in New Mexico is a great untapped economic potential. In the Richardson administration, economic development is not just for the cities. Give me the tools to take it out to the country.

I want incentives for start-up technology companies, renewable energy companies and film production.

I want to end the food tax. The gross receipts tax on the food that goes on the plates of New Mexico families is an unconscionable reach into the pockets of New Mexico breadwinners. I would like to see it go away.

Additionally, the gross receipts tax on payments to physicians from commercial HMOs should go away. The gross receipts tax is forcing doctors to leave our state, threatening the health and welfare of our communities – particularly in rural New Mexico.

Why should the rest of us care? For the same reason we should care about teacher's salaries. If we can't attract physicians to New Mexico, our access to health care will be hurt. It is already occurring in some specialties. We must make certain it doesn't get worse -- and eliminating the gross receipts tax on doctor fees is one important place to start us on a new path to progress in health care.

These tax changes are only quick fixes, however. I intend to appoint a Tax Reform Commission to review the many good tax system studies of recent years, factor in the development and tax policy priorities of this administration, and come up with a comprehensive redesign of New Mexico's entire tax structure. I will bring the results to a special session of the Legislature, so that the tax questions can be fairly debated without the distraction of other issues. I also will undertake in-depth studies of education and government reorganization.

It can't be just tax cuts if we are to keep our state budget balanced. I am proposing an additional \$5 million to the Department of Taxation and Revenue to beef up collection and enforcement efforts -- with an immediate revenue enhancement of at least \$50 million as the goal. The target is delinquent taxes; the goal is that everybody pay only their fair share.

We still must raise the money to pay the costs of providing services to citizens -- but it must be done in the fairest way possible, in a way that sends the best economic signals to the larger economy and its entrepreneurs who play such a role in New Mexico's economic future.

This administration is going to beat the bushes from coast to coast, from Europe to the Pacific Rim, seeking quality companies in need of good workers and a great environment into which to expand their companies.

But, our economic development strategy doesn't depend on industrial recruitment alone. We must make the state of New Mexico a hospitable place for entrepreneurs to start and grow their business ideas. Whether from outside or

from homegrown visionaries, ground-up business development must be encouraged and nurtured by state policy.

I have already said I intend to spend at least 25 percent of my time working on economic development. We will undertake these efforts at many levels and with many concepts. Growing tourism and trade with Mexico is a theater of development with great promise -- particularly with our sister border state of Chihuahua. In cooperation with Chihuahua Gov. Patricio Martinez, I will work to build up the business and cultural bonds between our people. As New Mexicans learn more about Chihuahua, more will wish to visit and do business there. The same is true the other way to New Mexico.

Here at home, we need to strengthen the teaching of business and entrepreneurial skills in our schools. Our young people must be taught the basics of business risk and reward so that more of them will take to improving their lives and building the economy of our state from within. Small business incubator programs in the population centers of the state must be strengthened and improved.

Access to capital is critical -- and because we lie so far from the money centers of the coasts, we remain below the radar of much of the venture capital market. The Legislature invested \$10 million in the New Mexico Small Business Investment Corporation -- but the money has languished in a bank account for lack of an implementation strategy.

I will build that implementation strategy. I further propose that we invest up to \$200 million -- just 2 percent of the total in the state's Permanent Funds -- in New Mexico businesses. This will jump-start an entrepreneurial arm of New Mexico's economy. We will work with existing grass-roots business start-up organizations such as ACCION, WESST Corp., the New Mexico Community Development Fund. With our new State Investment Officer, we have ensured the best expertise to manage and control the commitment of state venture funds. We will partner with private capital.

While the primary purpose of our state's permanent funds must always be to provide revenue to state government, we must also invest them where fiscally prudent to create jobs and diversify our economy.

By stepping up with cash, we will send a signal that New Mexico is serious about business and willing to put our money where our recruitment is.

To facilitate all these ambitious development goals, I ask the Legislature for seed money.

--I would like to add \$15 million to the in-plant training fund, bringing it to \$20 million when combined with existing funds.

--\$3 million to fund a nonprofit corporation to recruit and market new businesses and jobs. We must tap the skills and leverage the efforts of everyone to grow the economy.

--\$9 million in a one-shot expenditure to complete the funding of endowed chairs in business and technology research at the University of New Mexico, New Mexico Tech and New Mexico State University.

--\$150,000 to expand the New Mexico Border Authority budget in the areas of marketing, customer service and recruitment.

--\$100,000 to create an economic development commission to follow up on trade expansion with Chihuahua.

--\$250,000 a year for three years for a new commission charged with protecting New Mexico's four military bases as base realignment again becomes a national priority.

Give me the tools and I will work with you to start us on the path to the high-wage economy we all want to build. This is a partnership -- between the governor and the Legislature -- a partnership for the long haul.

We need to do more -- much more -- for health care. Gross receipts tax relief for doctors is only a first step.

New Mexico was a national leader in the growth of managed care and the health maintenance organization for organizing the industry. As a result, primary control of health-care services is concentrated in a handful of conglomerates. The last administration took this development a giant step farther by giving the HMOs management of Medicaid -- the federal program that is a major financial component of almost everything that happens in health care. The result -- intended or not-- is that Medicaid and commercial health insurance are joined at the hip. Hard times in Medicaid will be made up by raising the premiums charged commercial customers. Higher premiums will reduce the number of people covered -- which in turn increases the financial pinch on the big HMOs -- starting the whole cycle over again.

We must reshape or reform our health-care industry in ways that extend health insurance coverage to more people. I don't believe a single-payer system is the

answer to universal coverage, but we must -- and will -- find ways to make health-care coverage more universal for our state's citizens. The broader the reach of coverage the greater the stability in the industry.

We need to provide prescription drug relief to our senior citizens. This should be accomplished through Medicaid for low-income and disabled seniors.

For all seniors, I will enter into forceful negotiations with drug companies to obtain the largest possible price discounts. I agree with those who say prescription drug coverage for senior citizens is a federal responsibility -- but we can't simply ignore the problem at the state level.

We also must take additional measures to ensure an adequate force of health-care professionals to serve the needs of this state.

I propose to recruit and retain quality doctors and nurses by expanding nursing programs at our institutions of higher learning, and by offering scholarships and other financial incentives. In the last reporting year, New Mexico had 175 physicians per 100,000 residents, compared to 242 nationally.

I propose \$4 million for scholarships and other financial incentives to these health-care professionals while they are in training. We'll require them to practice here in New Mexico.

Like education, there is no single silver-bullet solution to the problems in our health-care system. It will take intensive study and unremitting work to find cost-effective solutions. The Legislature is an indispensable partner in this effort.

The legislative Medicaid Reform Committee just reported on nine months of study on the almost \$2 billion a year program. This administration will make that study the starting point from which to decide what must be done in the short term. I need the tools to put out the fiscal fires -- and to make prudent long-term changes as they are developed.

We will move quickly and decisively to secure the future of our water supply -- the lifeblood of our people and our environment.

--We must improve our capabilities for using our water wisely. I am proposing the expenditure of \$200 million for water projects around the state -- 10 percent of the state's bonding capacity for the next 20 years. Wisely spent, this investment will help us stretch this critical resource farther.

--We will honor the rights to water guaranteed to farmers and ranchers,

tribes and pueblos, and municipalities by the New Mexico Constitution. The Richardson administration will protect water users from all threats foreign and domestic.

--We must modify our laws and practices to secure water flows for our environment, from the high mountain watersheds to the riparian ecosystems along our streams and rivers. But we must accomplish this through consultation and the best science -- not by the blunt club of litigation.

--Compliance with the water delivery requirements of New Mexico's interstate stream compacts will also be a priority. We will be vulnerable to onerous sanctions if we fail to meet our obligations to Texas and Mexico.

On the practical side, we will put immediate emphasis on determining the size and priority of water rights on all the state's rivers and streams. The purpose of water adjudication is to protect the rights of water users, and facilitate the transfer of rights among willing buyers and sellers. And obviously, we all need to know what we have before we can cooperate fully to secure the sustainability of our natural environment.

On the Rio Grande -- the mother stream of New Mexico -- we will redouble efforts to reach a fair and mutual water settlement with the four pueblos in the 40-year-old Aamodt adjudication. It is important that New Mexico and its sovereign pueblos reach agreement as a first step in adjudicating the Rio Grande from the Colorado border to Elephant Butte on the South.

But four decades spent on a case that covers only a small portion of the headwaters of the Rio Grande is too long.

There has to be a better way. We are committed to streamlining the system of water rights adjudication, to make it less adversarial and more understandable.

We will not allow the Rio Grande to become a sterile flow in a concrete and gravel ditch. But again: The rights and interests of human users of this indispensable resource will be protected even as the environment surrounding its passage downstream is restored, protected, and elevated in importance. We will find cooperative ways to combine the needs of human use of water and the environmental needs of water flows.

We will continue efforts to bring water use on the Pecos to a level enabling New Mexico to stay in compliance with the Supreme Court on our obligation to Texas.

We will look beyond our southern border to Texas and Mexico. We will open and sustain a continuing discussion with our fellow stewards of the Rio Grande. We will make mutual problem-solving by negotiation the priority of this state as we cooperate with our neighbors on water quality and quantity and on environmental considerations. We must find and build upon those things on which we can agree, before we venture into the minefield of litigation.

We must address our water challenges NOW, if we are to prosper for the long haul. I ask you -- the elected representatives of the citizens of New Mexico -- to work with me so that we can secure a viable water supply for future generations.

New Mexico's energy industry is the bedrock upon which our private economy has been built. The energy industry contributes a little over 25 percent of our annual state government revenue -- \$1.3 billion in 2001. Oil, natural gas, electric generation -- New Mexico produces energy for consumption here and across the country. We are cast in this role not because we chose it, but because vast reserves of these energy fuels lie beneath our landscape.

But even our energy industry must change and adjust to the new imperatives of the 21st century. Oil and Gas operations must be brought up to the most environmentally clean standards of operation possible.

Even as we are rich in hydrocarbons beneath the surface, we are rich in wind, solar, geothermal and biomass energy potential across our landscape. I have set a goal of having 10 percent of New Mexico's energy come from renewable sources by 2010. The state Public Regulation Commission has already moved our electric generating industry in that direction. The Legislature has established tax incentives to help the fledgling renewable energy industry components catch up and compete.

We are on a path to progress, but we must do more. With long-term energy sources uncertain, New Mexico must develop renewable energy technology for use by New Mexicans -- and in the long run as a continuing export industry for our economy, creating jobs and opportunity -- particularly in our rural areas.

This can be accomplished through tax policy and regulation and by continuing alternative energy research in our national laboratories and institutions of higher learning. It is only through the joining of the best scientific knowledge with the most skilled entrepreneurial development that renewable energy will ever attain its rightful stature in the economy.

Some 23,000 New Mexicans work in the oil and gas industry in New Mexico. That is good but I want the industry to do better. I want you to bring your regional offices to this state, along with hundreds of well-paying jobs -- jobs in the \$75,000 to \$125,000 range. Here is where your action is; we want your headquarters operations, too.

The Richardson administration intends to make the energy industry in this state stronger, environmentally cleaner and diversified away from the fossil fuels that have underpinned our economy for so long. New Mexico's energy industry has to change along with the rest of us. Give me the tools and I will help make this happen in a cooperative and collaborative way.

Although our Constitution guarantees all Americans the opportunity to pursue happiness, it's the State's responsibility to pursue those who hijack our hopes. To those criminals who savage our society—drunk drivers and domestic abusers—I have a message... your behavior will not be tolerated. Whether the bullet is 45 caliber or 4500 pounds, I'm committed to the safety of all New Mexicans.

The decibel level about the scourge of DWI in New Mexico couldn't be louder. Yet this weekend a drunk driver is likely to destroy an unsuspecting family, as well as their own. I am committed to alcohol treatment as a component of our fight to get drunk drivers from behind the wheel. I'm just as committed to putting them behind bars for longer periods of time, when necessary.

For those who continue to taunt the system by driving even after their license has been revoked for DWI, if we can't bend your will, we'll take your wheels.

For those who taunt fate with the lives of children by driving drunk with kids in the car, you'll be facing one of the most potent child endangerment laws in the country.

For drunk drivers under the age of 21, if you thought the wait to get your driver's license when you were 15 was long, it'll be a flash compared to the wait to get it back.

I also realize that the progress we have made against DWI in the streets, loses traction in our Courts. I'll be calling upon the Chief Justice of the New Mexico Supreme Court, the Honorable Petra Maes, to be a partner in public safety, by changing rules and procedures that demand respect from criminals and earn the respect of our citizens.

The First Lady and I have already commenced an unprecedented campaign against domestic violence and sexual assaults. We must prevent today's children

from becoming tomorrow's criminals by tackling truancy and restoring the family traditions that are the soul of our state.

Criminals steal lives and property—and our criminal justice system often steals the victim's dignity. I'll be creating an office of victim's rights compliance—let no New Mexican be unheard again.

Let's talk multi-culture.

I am a Hispanic. But Hispanic governors are not that rare in this state. New Mexico came into the Union with a population in which Hispanics were the majority -- and we Hispanics have been active participants in the cultural and political process ever since.

The political power of New Mexico's Hispanics has helped enforce a practical cultural tolerance that is stronger here than in any other state. It has provided the foundation for a continually growing and changing cultural diversity. We have always understood that our culture, our land, our heritage and our traditions are our greatest strength. They bind us together to make New Mexico what it is today. They will hold us together for the long haul.

But while Hispanics have long enjoyed political power and influence, Native Americans have lagged in participation in the affairs of state government. This is changing in the Richardson administration.

Today, you see Native Americans in all levels of state government leadership as co-equals with their Anglo, Hispanic and African American colleagues. Conroy Chino of Acoma pueblo is my secretary of labor. Derith Watchman-Moore, a Navajo, serves as deputy secretary of the Environment Department. Hilary C. Tompkins, a Navajo, serves as deputy counsel to the Governor. Bernie Teba, Santa Clara Pueblo, is director of the Office of Indian Affairs, and Lynn Trujillo, Sandia Pueblo, is general counsel. David Eisenberg of Taos Pueblo is Deputy Public Defender, and Butch Blazer, a Mescalero Apache, is Forestry Director in the Department of Energy, Minerals and Natural Resources. These are only a few of the many who will be part of a Richardson Administration.

I have placed Native Americans in positions of trust and responsibility throughout state government, as well as on state boards and commissions. And let me make one thing clear:

While I set out to find and appoint Native Americans in my administration, these men and women are in their positions first because of their leadership abilities and qualifications -- not because they are Native Americans.

I want our Native Americans to be full partners in directing the future of the state we share. I want their input into government -- and through their presence at all levels of government, it is my hope that all Native Americans will reach a greater understanding and trust of their state government.

The Pueblo governors and I have already held a summit meeting in which we signed a formal agreement covering continuing communication and cooperation, government to government, to address the needs and concerns of the pueblos and state government. Native American governments negotiate in good faith. That should always be recognized and reciprocated by their non-Indian counterparts.

We must coordinate the business interests of Native Americans and the state. After years of neglect in Santa Fe, I am proud to announce my wholehearted support for the renovation of Highway 666 (a name we are working to change) from Gallup to Shiprock, on the Navajo Nation, and I have directed the Secretary of Transportation to cooperate fully with the Navajo Nation in this effort.

We will cooperate in promotional activities with the destination resorts that are springing up around Native American gaming facilities. They bring a new dimension to the attractions of New Mexico's tourist industry.

There is so much to be done. There is so much opportunity for this state and its people. Give me the tools and I will put New Mexico on a path to progress on all fronts, in all arenas. There will be no part of state government, no state problem, no interstate issue that will be ignored because I am not interested in it.

And that, incidentally, is why I have recommended that my staff be at the same level as under the King Administration. I need a sufficient staff of good people with their attention focused on all these issues and challenges. There is much to do, and I need professional people to do a professional job for all of New Mexico.

I have set forth a path to progress, a path we should begin walking together. I will not move slowly. I am already reaching into every corner of government to appoint men and women who share the goals and objectives of the Richardson administration. This is not a partisan agenda. My goals were articulated during the campaign.

As Bob Dylan put it in "The Times They Are A'Changin'," I won't allow anybody to "stand in the doorway (or) block up the hall." We won't be impeded.

We live in New Mexico because we love it. I will work and fight together with you to meet our challenges, to solve our problems and to empower our people. I

will provide the leadership. We will succeed. We will achieve our goals if we pledge to end the gridlock, set aside partisanship and dedicate ourselves to building a brighter and more prosperous future for all New Mexicans.

I am going to work you hard. I promise leadership. I promise an agenda for the future that will put New Mexico on course to improve our economy, our quality of life and the well-being of our citizens from every walk of life in every community.

The partnership for the long haul begins today -- in fact, it has already begun. I pledge to work tirelessly with you -- Republicans and Democrats alike -- to chart a path for progress for our great state.

The sun is rising on a new era in New Mexico, even as we turn over the first years of a new millennium in an old, old land. The work begins today. Let's pledge to be bold, to be tireless and to never be satisfied with second best. I ask you all to take the first step with me as we embark on a new path to progress."

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